

Message Text

CONFIDENTIAL

PAGE 01 GUATEM 00019 01 OF 03 031803Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 PC-01 OMB-01 TRSE-00 CIAE-00

DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 USIA-06 EUR-12 NIC-01

COME-00 EB-07 FRB-01 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 AGR-05 FEA-01 OES-03 INT-05 /108 W

----- 053978

R 031630Z JAN 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5430

INFO AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

USCINCSO

AMCONSUL BELIZE UNN

C O N F I D E N T I A L SECTION 1 OF 3 GUATEMALA 0019

E.O. 11652: GDS

TAGS: PFOR, PINT, PGOV, GT

SUBJECT: LAUGERUD GOVERNMENT: THE FIRST SIX MONTHS

SUMMARY. AT CLOSE OF FIRST SIX MONTHS OF LAUGERUD ADMINISTRATION, ONLY GUATEMALANS WHO SEEM SURE OF ITS FUTURE POLICIES ARE COMMUNISTS, WHO CAN BE IN NO DOUBT THAT LAUGERUD INTENDS TO BE AS VIGOROUS AND HARSH AS HIS PREDECESSOR, GENERAL ARANA, IN SUPPRESSING TERRORIST ACTIVITY. LEGAL POLITICAL PARTIES, HOWEVER, ARE CONFUSED BY APPARENT LACK OF PRESIDENTIAL INTEREST IN DAY-TO-DAY POLITICAL AND LEGISLATIVE AFFAIRS- IN CONTRAST TO TIGHT REIN KEPT BY ARANA- AND BY EVIDENT DISTRUST BETWEEN LAUGERUD AND VICE PRESIDENT SANDOVAL. POLITICIANS HAVE LONG EXPECTED CABINET SHAKEUP IN JANUARY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GUATEM 00019 01 OF 03 031803Z

TO END UNCERTAINTY BY EITHER CLEARLY BREAKING WITH SANDOVAL

OR REAFFIRMING ALLIANCE. WE BELIEVE THAT LAUGERUD PREFERS PLAYING PARTIES OFF AGAINST EACH OTHER AND MAY WELL POSTPONE DEFINITIVE POLITICAL REALIGNMENT AS LONG AS POSSIBLE. HIS NEED FOR WELL-ORGANIZED CIVILIAN SUPPORT IS NOT, AFTER ALL, AS IMPORTANT AS SUPPORT WHICH HE CONTINUES TO ENJOY FROM MILITARY-INCLUDING, APPARENTLY, GENERAL ARANA, WHOSE INTENTIONS AND ROLE ARE MAJOR QUESTION MARK FOR 1975. ECONOMICALLY, ADMINISTRATION HAS BEEN CAUTIOUS AND CONSERVATIVE, APPLYING TOKEN PRICE CONTROLS AND SMALL TAX INCREASE BUT PUTTING MAIN RELIANCE ON REDUCED GOVERNMENT SPENDING TO FIGHT INFLATION. HIGH SUGAR PRICES AND UNEXPECTED RELIEF FROM VENEZUELA ON OIL IMPORTS WILL KEEP GUATEMALA OUT OF SERIOUS ECONOMIC DIFFICULTY IN 1975. AGREEMENTS WITH VENEZUELA ARE ALSO OF MAJOR POLITICAL SIGNIFICANCE AS GUATEMALA'S FIRST IMPORTANT TIES OUTSIDE CENTRAL AND NORTH AMERICA, TIES THAT COULD STIMULATE MORE NATIONALISTIC AND INDEPENDENT GUATEMALAN FOREIGN POLICY. END SUMMARY.

1. AS THE END OF THE YEAR BRINGS THE FIRST SIX MONTHS OF THE LAUGERUD ADMINISTRATION TO A CLOSE, THE ONLY GUATEMALANS WHO SEEM SURE OF PRESIDENT LAUGERUD'S ATTITUDE TOWARD THEM AND OF THE DIRECTION OF HIS FUTURE POLICIES ARE THE COMMUNISTS. THE DECEMBER 20 KILLING OF THREE TOP LEADERS OF THE PGT AND ITS TERRORIST ARM-TWO OF THEM AFTER TORTURE-COULD NOT HAVE LEFT THE EXTREME LEFT IN ANY DOUBT THAT LAUGERUD INTENDS TO BE AS VIGOROUS AND BRUTAL AS HIS PREDECESSOR IN SUPPRESSING CRIMINAL ACTIVITY BY THE PGT AND FAR. STERN ANTI-COMMUNISM IS CLEARLY A BASIC INGREDIENT IN THE PRESIDENT'S PROFESSIONAL AND RELIGIOUS FORMATION, AND WE DO NOT BELIEVE HIS MIND WILL BE CHANGED BY REACTION IN SOME MODERATE SECTORS-VOICED BY INDEPENDENT DAILY GRAFICO-THAT "BLOODY EVENTS OF LAST WEEK ANNUL MUCH OF WHAT HAS BEEN ACHIEVED" BY GOVERNMENT IN ITS FIRST HALF-YEAR. NEW PGT LEADERSHIP APPEARS LIKELY TO BE AS HARD-LINE ON ITS SIDE AS LAUGERUD ON HIS, AND RECENT NICARAGUAN EVENTS MUST BE HUMILIATING, AND PROVOCATIVE OF FRESH EFFORTS, TO PGT IN LIGHT OF ITS OWN SETBACKS. NEXT SIX MONTHS CULD
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GUATEM 00019 01 OF 03 031803Z

THEREFORE BE MORE UNSETTLED ON INTERNAL SECURITY FRONT THAN AT ANYTIME IN 1974. GOVERNMENT WILL IN ANY EVENT RETAIN FULL CONTROL OF SECURITY SITUATION PER SE, BUT SPECTACULAR ISOLATED SUCCESSES BY TERRORISTS WOULD HAVE REPERCUSSIONS ON ADMINISTRATION'S POLITICAL PRESTIGE.

2. THAT PRESTIGE AT END OF FIRST SIX MONTHS IS HIGH, HOWEVER GREAT THE UNCERTAINTY AS TO HOW LONG IT WILL

REMAIN SO. PRESIDENT LAUGERUD SEEMS INTENSELY CONCERNED WITH HIS PUBLIC IMAGE BUT LESS SO WITH SUBSTANCE OF BUILDING PUBLIC SUPPORT. HE HOLDS MONTHLY TELEVISED PRESS CONFERENCES-HIS PREDECESSOR RARELY SAW THE PRESS IN FOUR YEARS-AND MAKES SPECIAL EFFORTS, FOR AN INTROVERTED CAREER SOLDIER, TO ESTABLISH GOOD PERSONAL RELATIONS WITH NEWSMEN. HE HAS MADE POINT OF SEEKING VIEWS OF TRADE UNION AND CAMPESINO COOPERATIVE LEADERS, UNIVERSITY RECTOR, AND OPPOSITION POLITICIANS WHO NEVER SAW INSIDE OF PRESIDENTIAL PALACE IN PREVIOUS ADMINISTRATION.

3. ONE OF FIRST SIGNIFICANT INITIATIVES OF LAUGERUD GOVERNMENT WQS INTRODUCTION OF NEW TAX LEGISLATION WHICH WAS WIDELY PROCLAIMED AS HITTING HARDEST AT UPPER CLASSES IN WHAT GOVERNMENT SPOKESMEN CALLED LONG-OVERDUE FIRST STEP TOWARD EQUIALIZING ECONOMIC BURDENTS OF RICH AND POOR. THIS DESCRIPTION WAS PATENTLY FALSE, BUT CONCEIVABLY JUSTIFIABLE AND IT BEEN BASIS FOR TOUGH FIGHT TO WIN PASSAGE OF ORIGINAL BILL AND GENERATE BADLY-NEEDED ADDITIONAL REVENUES. INSTEAD GOG CALMLY WATCHED CONGRESS EMASCULATE BILL AND LAUGERUD SIGNED IT INTO LAW WITHOUT A MURMUR. FACED WITH UNPRECEDENTED 30 PERCENT INFLATION IN 1974, LAUGERUD WITH GREAT FANFARE ORDERED IMMEDIATE IMPOSITION OF PRICE CONTROLS ON BASIC COMMODITIES. PRICE CONTROL BALLYHOO HAS NOW DISAPPEARED FROM PRESS, EXCEPT FOR OCCASIONAL NOTICE THAT CONTROL LEVEL HAS BEEN RAISED FOR THIS OR THAT PRODUCT AT PETITION OF PRODUCER OR WHOLESALER. FROM DATA SO FAR AVAILABLE TO EMBASSY, THERE HAS BEEN NO NOTICEABLE EFFECT ON PRICES AND, AGAIN, NO SIGN THAT GOVERNMENT IS PARTICULARLY DISTURBED. CONSEQUENCE, OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 GUATEM 00019 01 OF 03 031803Z

COURSE, IS THAT REAL INCOME OF GUATEMALANS, PARTICULARLY POLITICALLY IMPORTANT URBAN MINORITY, HAS DECLINED, EVEN OF CIVIL SERVANTS WHOM LAUGERUD GAVE SALARY INCREASE UNMATCHED SO FAR IN MOST OF PRIVATE SECTOR.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 GUATEM 00019 02 OF 03 031813Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 PC-01 OMB-01 TRSE-00 CIAE-00

DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 USIA-06 EUR-12 NIC-01

COME-00 EB-07 FRB-01 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 AGR-05 FEA-01 OES-03 INT-05 /108 W

----- 054117

R 031630Z JAN 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5431

INFO AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

USCINCSO

AMCONSUL BELIZE UNN

C O N F I D E N T I A L SECTION 2 OF 3 GUATEMALA 0019

4. GOG'S POLICY TOWARD LABOR UNIONS HAS BEEN SIMILARLY AMBIVALENT. DESPITE PERSONAL COURTESIES TO UNION LEADERS, LAUGERUD AND HIS CABINET ARE PROFOUNDLY ANTI-LABOR. THEY HAVE YIELDED GRACEFULLY IN FEW CASES WHERE A STRONG UNION HAS BEEN IN POSITION TO CAUSE SIGNIFICANT DISRUPTION IF IT WENT ON STRIKE (SUGAR AND TELEPHONE WORKERS), BUT WHEN TEACHERS' FEDERATION ATTEMPTED AN ILL-TIMED CLOSURE OF SCHOOLS (TWO WEEKS BEFORE END OF SCHOOL YEAR AND ON EVE OF GRADUATION EXAMS) THE GOVERNMENT BROKE STRIKE WITH THREAT OF MASSIVE DISMISSALS AND APPEALS TO PARENTS' FEARS. IN PUBLIC SECTOR (RAILROADS AND NATIONAL AIRLINE) GOG HAS FIRMLY HELD TO COURSE INITIATED BY PREVIOUS ADMINISTRATION AIMED AT ELIMINATING UNIONS IN THOSE INDUSTRIES ALTOGETHER. HOWEVER, SO FAR THERE HAS BEEN NO WIDESPREAD OR WELL-ORGANIZED PROTEST
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GUATEM 00019 02 OF 03 031813Z

FROM GUATEMALA'S WEAK LABOR FEDERATIONS, PRIMARILY FOR FEAR OF LOSING EVEN MORE GROUND DUE TO GOVERNMENT REPRISALS, AND BECAUSE OF CRIPPLING DIVISIVENESS WITHIN THE LABOR MOVEMENT.

5. BUSINESS COMMUNITY AND LARGE LANDOWNERS HAVE BETTER REASON TO BE REASONABLY SATISFIED WITH FIRST SIX MONTHS. ALTHOUGH DISLIKING INCREASED TAXES AND AND PRICE CONTROLS, MARGINAL NATURE OF FORMER AND VIRTUAL NON-ENFORCEMENT OF LATTER REMOVE THE STING. INFLATION IS WORRISOME BUT NOT REAL PROBLEM FOR THOSE WHO CAN SIMPLY RAISE THEIR INCOMES PROPORTIONATELY, AND BUSINESS LEADERS RECOGNIZE THERE IS LITTLE GOVERNMENT CAN DO ABOUT LARGE AMOUNT OF INFLATION THAT STEMS FROM HIGHER PRICES OF OIL AND OTHER IMPORTS. WHAT CAN BE DONE LAUGERUD HAS DONE BY SHARPLY REDUCING GOVERNMENT BUDGET (IN REAL TERMS) FOR 1975. MOST OF REDUCTION FALLS ON CAPITAL EXPENDITURES, AND SHOULD HAVE PERCEPTIBLE CONTRACTING EFFECT ON ECONOMY AND EMPLOYMENT IN CONSTRUCTION INDUSTRY IN NEXT SIX TO TWELVE MONTHS. FISCAL AND MONETARY MEASURES HAVE BEEN CAUTIOUS, CONSERVATIVE, AND LIMITED TO SPECIFIC, SHORT-RANGE GOALS. MOST POSITIVE ECONOMIC POLICY HAS BEEN IN AGRICULTURE, WHERE REAL EFFORT HAS BEEN MADE TO EXPAND CREDIT AND STIMULATE PRODUCTION.

6. SERIOUS ECONOMIC DIFFICULTIES WOULD OF COURSE HAVE POLITICAL REPERCUSSIONS. WE NOW THINK IT LIKELY, HOWEVER, THAT ECONOMIC SITUATION IN 1975 WILL BE NEITHER MUCH BETTER NOR MUCH WORSE THAN IN LAST HALF OF 1974. INCOME FROM EXPORTS SEEMS LIKELY TO CONTINUE AT HIGH ENOUGH LEVELS TO AVOID ANY SERIOUS BALANCE OF PAYMENTS PROBLEM, PARTICULARLY WITH HELP OF VENEZUELAN OIL LOAN. INFLATION WILL CONTINUE, BUT WAGE LEVELS WILL PROBABLY RISE ENOUGH, NOT TO PREVENT LOSS OF PURCHASING POWER, BUT TO AVOID ANY UNMANAGEABLE PUBLIC DISCONTENT.

7. IN INTERNATIONAL AFFAIRS, THERE HAVE BEEN ONLY TWO DEVELOPMENTS OF NOTE IN FIRST SIX MONTHS AND ONLY ONE OF THOSE HAS BEEN AT INITIATIVE OF GUATEMALA-THE AGREEMENT WITH UK TO RE-OPEN PRIVATE TALKS ON FUTURE OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GUATEM 00019 02 OF 03 031813Z

BELIZE. DESPITE SOME SABER-RATTLING IN PRIVATE, LAUGERUD SEEMS GENUINELY AND COMMENDABLY INTERESTED IN SEEKING SETTLEMENT THROUGH NEGOTIATION. BARRING SUDDEN FAILURE OF WILL ON BELIZEAN SIDE, HOWEVER, PROSPECTS FOR SUCCESS REMAIN SO DIM AS TO BE INVISIBLE, AND IT REMAINS TO BE SEEN WHETHER LAUGERUD WILL BE WILLING LET ISSUE REMAIN DORMANT ONCE IT IS CLEAR THAT NEGOTIATIONS ARE FRUITLESS. BUT TAUGERUD BY NO MEANS IMPRESSES US AS LIKELY TO USE BELIZE TO DISTRACT ATTENTION FROM DOMESTIC PROBLEMS. HARD LINE ON BELIZE, IF IT COMES, WILL BE BASED ON PERSONAL CONVICTION OF LAUGERUD AND HIS

GENERALS THAT BELIZE IS GUATEMALAN AND THAT TIME HAS
COME TO TAKE IT. WE DO NOT RPT NOT SEE THIS AS A
LIKELY DECISION IN 1975.

8. OTHER MAJOR INTERNATIONAL EVENT WAS CIUDAD GUAYANA
SUMMIT. BY HALVING BALANCE-OF-PAYMENTS EFFECT OF
GUATEMALA'S IMPORTED OIL IN 1975, AND PERMITTING CONVER-
SION OF FUNDS SAVED INTO LONG-TERM LOANS, VENEZUELAN
AGREEMENTS WILL BE OF SIGNIFICANT BENEFIT. PERHAPS
EVEN MORE IMPORTANT IN LONG RUN WILL BE DEVELOPMENT OF
GUATEMALA'S FIRST MAJOR TIES OUTSIDE CENTRAL AND NORTH
AMERICA. EFFECTS ARE LIKELY TO BE MORE THAN ECONOMIC,
PARTICULARLY IF INTERNATIONAL ECONOMIC SITUATION
WORSENS IN 1975 AND GOVERNMENTS AS DEEPLY CAPITALIST
AND PRO-AMERICAN AS LAUGERUD'S BEGIN TO SEE UNION OF
LDCS AS ONLY MEANS OF SURVIVAL IN INTERNATIONAL JUNGLE.
(SEE GUATEMALA 6934 AND 6939.) THERE IS CONSIDERABLE
PUBLIC SKEPTICISM HERE ABOUT VENEZUELAN MOTIVES AND
REAL VALUE OF AGREEMENTS, BUT NO ONE SUGGESTS LAUGERUD
SHOULD HAVE TURNED DOWN GIFT HORSE.

9. POLITICAL PARTIES ARE IN MOST UNCERTAIN SITUATION
OF ALL AT BEGINNING OF 1975. ALL, WITH EXCEPTION OF
CHRISTIAN DEMOCRATS (DCG), HAVE HAD INTERNAL DIVISIONS
AND QUARRELS IN LAST SIX MONTHS. EVERY POLITICAL LEADER
WE HAVE TALKED WITH IN THIS PERIOD HAS TOUCHED ON TWO
THEMES: RESPECT AND PRAISE FOR LAUGERUD AS HONEST MAN,
SINCERELY TRYING TO DO BEST HE CAN FOR GUATEMALA, BUT
INSISTENCE THAT HE CANNOT CONTINUE TO GOVERN WITHOUT
DEFINING FOR HIMSELF A CIVILIAN POLITICAL BASE.
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 GUATEM 00019 02 OF 03 031813Z

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 GUATEM 00019 03 OF 03 031826Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 PC-01 OMB-01 TRSE-00 CIAE-00

DODE-00 PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 USIA-06 EUR-12 NIC-01

COME-00 EB-07 FRB-01 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 AGR-05 FEA-01 OES-03 INT-05 /108 W

----- 054217

R 031630Z JAN 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 5432

INFO AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

USCINCSO

AMCONSUL BELIZE UNN

C O N F I D E N T I A L SECTION 3 OF 3 GUATEMALA 0019

RATHER THAN ATTEMPTING TO DEFINE NATURE OF GUATEMALAN POLITICAL DEBATE THEMSELVES, PARTIES LOOK TO LAUGERUD TO SET PARAMETERS BY CLEARLY IDENTIFYING HIS ALLIES AND HIS OPPONENTS. HE HAS AVOIDED DOING SO FOR SIX MONTHS AND IT IS UNCLEAR WHEN, IF EVER, HE WILL; IT MAY BE TACTICAL SHREWDNESS RATHER THAN INDECISIVENESS. WE ARE NOT SURE WHETHER LAUGERUD NEEDS A BASE OR WHETHER POLITICAL PARTIES ARE BADLY IN NEED OF AN APEX. ALL OF THEM WOULD LIKE VERY MUCH TO BE LAUGERUD'S CHOSEN POLITICAL INSTRUMENT, THEREBY SHARING IN SPOILS OF PRESENT POWER AND ACQUIRING INSIDE TRACK FOR RIDING COATTAILS OF HIS SUCCESSOR IN 1978. THIS IS TRUE TO DEGREE EVEN OF CHRISTIAN DEMOCRATS, WHO CANNOT IMAGINE LAUGERUD CHOOSING TO DEPEND UPON THEM-HIS FIERCEST AND STRONGEST OPPONENTS LAST MARCH-BUT WHO HAVE MADE A MAJOR POLICY CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GUATEM 00019 03 OF 03 031826Z

SHIFT TO "CONSTRUCTIVE COLLABORATION" WITH GOVERNMENT WHEN THEY BELIEVE IT IN NATIONAL INTEREST.

10. AS FOR THE OTHERS, PID IS MOST RELAXED SINCE IT HAS NOWHERE ELSE TO GO; IT HAS NO RAISON D'ETRE EXCEPT AS GOVERNMENT PARTY, AND ONLY QUESTION IS WHETHER LAUGERUD WILL ATTEMPT GOVERN WITH IT ALONE OR IN COALITION WITH OTHERS. PR IS, AS USUAL, DESPERATE; SOME OF ITS LEADERS ARE DESPERATE TO SEIZE CONTROL OF THE PARTY AND TAKE IT DEFINITELY INTO THE OPPOSITION, OTHERS ARE EQUALLY DESPERATE TO CONVINCE LAUGERUD THAT THE PR IS ONLY PARTY WHICH CAN GIVE HIM LOYAL SUPPORT AND

MODERATELY PROGRESSIVE COLORATION. MLN, THE STRONG PARTY OF THE RIGHT, PROTESTS THAT IT IS LAUGERUD'S STANDEST SUPPORTER AND THAT IT SLEADER, VICE PRESIDENT MARIO SANDOVAL IS LAUGERUD'S MOST LOYAL FOLLOWER AND INTIMATE COLLABORATOR. IT PROTESTS TOO MUCH. LAUGERUD AND THE ARMY DISLIKE AND DISTRUST SANDOVAL. SANDOVAL'S RECENTLY RUMORED APPROACHES TO THREE OR FOUR GENERALS TO OFFER EACH OF THEM THE MLN CANDIDACY FOR 1978 DO NOT WIN HIM FAVOR WITH THE MILITARY BUT MERELY INCREASE ITS MISTRUST. ATL OF THE GENERALS REPORTEDLY PROMPTLY INFORMED LAUGERUD.

11. ATTENTION DURING LAST SIX MONTHS HAS FOCUSED ON LONG-RUMORED CABINET SHAKEUP WHICH LAUGERUD IS EXPECTED TO MAKE IN JANUARY. ACCORDING TO PRESS ALL MINISTERS, VICE-MINISTERS AND MINISTERIAL SECRETARIES GENERAL HAVE BEEN ASKED TO SUBMIT THEIR RESIGNATIONS. MINISTRIES OF DEFENSE, PUBLIC WORKS, EDUCATION, AGRICULTURE, HEALTH, AND LABOR HAVE BEEN MENTIONED AS POSSIBLE RECIPIENTS OF NEW LEADERSHIP. POLITICIANS HAVE ARGUED THAT CHANGES WILL REVEAL LAUGERUD'S DECISION REGARDING HIS CIVILIAN SUPPORT. FOR EXAMPLE, SANDOVAL IS KNOWN TO OPPOSE BITTERLY RETENTION OF PUBLIC WORKS MINISTER ANZUETO, WHO, ALTHOUGH LONG-TIME MLN MEMBER, HAS REFUSED TO PLACE SANDOVAL'S FOLLOWERS IN KEY JOBS. STANDARD ANALYSIS HAS BEEN THAT IF ANZUETO IS KEPT ON OR REPLACED BY DISSIDENT MLN FROM THE ROBERTO HERRERA FACTION OR INDEED BY ANYONE NOT APPROVED BY SANDOVAL, LAUGERUD WILL SIGNAL BEGINNING OF END OF RELATIONSHIP WITH MLN. OTHER RUMORS HAVE HAD IT CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GUATEM 00019 03 OF 03 031826Z

THAT LAUGERUD MIGHT ACTUALLY BRING INTO CABINET AT THIS TIME REPRESENTATIVES OF PR OR INDEPENDENTS TO REPLACE MLN MEMBERS.

12. IT IS NOT AT ALL CERTAIN THAT SO CLEAR-CUT A SCENARIO WILL TAKE PLACE. ONE POSSIBILITY WOULD BE FOR LAUGERUD TO MOVE GENERAL FAUSTO RUBIO FROM DEFENSE MINISTRY TO COMMUNICATIONS AND PUBLIC WORKS, REPLACING HIM IN DEFENSE WITH ARMY CHIEF OF STAFF ROMEO LUCAS. THIS WOULD INCREASE MILITARY'S SHARE OF CABINET TO THREE MINISTRIES OUT OF TEN, BUT THIS PROBABLY IS NOT FACTOR OF GREAT IMPORTANCE TO LAUGERUD OR TO PUBLIC. ADVANTAGE OF MOVE IS THAT IT WOULD NEITHER KNUCKLE UNDER TO NOR REBUFF SANDOVAL AND WOULD PLACE NON-POLITICAL, PRESUMABLY INCORRUPT SOLDIER IN CONTROVERSIAL MINISTRY. IT WOULD ALSO PRESUMABLY SATISFY EX-PRESIDENT ARANA, WHO HAD ORIGINALLY APPOINTED ANZUETO TO MINISTRY AND IS REPORTEDLY INTERESTED IN CONTINUING TO HAVE FRIENDS THERE.

13. IN SUM, LAUGERUD DOES NOT APPEAR TO US TO BE READY TO MAKE A FINAL CHOICE BETWEEN POLITICAL FACTIONS COMPETING FOR HIS FAVOR, NOR DO WE SEE THAT HE IS UNDER ANY URGENT COMPULSION TO DO SO. HE CAN PROBABLY CONTINUE TO PLAY THE PARTIES OFF AGAINST EACH OTHER FOR SOME TIME TO COME. HIS GREATEST NEED IN AREA OF CIVILIAN SUPPORT IS A CHAIN OF COMMAND IN CONGRESS THAT CAN BE RELIED UPON TO RUN CONGRESS SMOOTHLY AND IN COMPLIANCE WITH HIS WISHES. HE COULD ACHIEVE THIS IN THE JUNE ELECTION OF CONGRESSIONAL OFFICERS AND IN THE MEANTIME HE DOES NOT SEEM GREATLY CONCERNED ABOUT IT.

14. ALL OF FOREGOING REFLECTS FUNDAMENTAL FACT OF LIFE IN GUATEAMLA: CIVILIAN POLITICS IS SECONDARY TO WISHES OF THE ARM6. ALL EVIDENCE INDICATES THAT MILITARY ARE SATISFIED WITH LAUGERUD'S PERFORMANCE TO DATE AND IN ANY EVENT HAVE NO READY ALTERNATIVE LEADER STANDING IN WINGS. ONE EXCEPTION COULD BE GENERAL ARANA, WHO MUST BE RANKED AS MAJOR QUESTION MARK ON GUATEMALAN POLITICAL SCENE AT BEGINNING OF 1975. HIS LONG-AWAITED RETURN TO GUATEMALA FROM OVERSEAS TRAVELS PRODUCED NO NEWS AT ALL; WHATEVER ROLE HE HAS PLAYED HAS BEEN, EXCEPTIONALLY CONFIDENTIAL

CONFIDENTIAL

PAGE 04 GUATEM 00019 03 OF 03 031826Z

BEHIND THE SCENES. BUT, AGAIN, SO FAR THERE IS NO EVIDENCE TO SUGGEST THAT HE IS DISPLEASED WITH HIS HAND-PICKED CHOICE FOR THE PRESIDENCY.
ANDREWS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL GOVERNMENT, PROGRESS REPORTS, POITICAL SUMMARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GUATEM00019
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750003-0875
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750180/aaaacske.tel
Line Count: 471
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by ellisoob>; APPROVED <16 SEP 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LAUGERUD GOVERNMENT: THE FIRST SIX MONTHS SUMMARY. AT CLOSE OF FIRST SIX MONTHS OF LAUGERUD ADMINI-
TAGS: PFOR, PINT, PGOV, GT, (LAUGERUD)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006